

EXHIBIT J

From: Matt Petersen
Sent: Friday, June 01, 2007 6:46 PM
To: shoulj@candw.ag
Subject: From Neal Simon
Attachments: 20010216023403408.pdf; 20010216023628870.pdf; 20010216023711807.pdf

June 1, 2007

Sent via: e-mail

Dear Ambassador Shoul:

Thank you for your interest in AUA and taking the time to speak with me this morning.

As I indicated in our conversation, there are three areas that are of concern to AUA and specifically to particular members of the board and possibly our lender. They are as follows:

1. ABST tax impact on AUA as a business
2. ABST tax on campus
3. Lease of campus land

Please note I have been in discussion with the Prime Minister regarding these issues and he has been very supportive. The issue of ABST in general I have mentioned to the P.M. in a letter and conversation, however, until recently I did not believe it was an issue since under my reading of the law it does not apply to AUA.

Below please find my understanding and where accessible, back-up documents regarding each individual issue.

1 ABST

The agreement and charter between AUA and the Government of Antigua and Barbuda in paragraph 8.1 states:

8. Taxes and Duties

- 8.1 Government shall exercise its discretion in giving most favorable consideration to applications for exemption from customs duty and consumption tax on equipment, materials, or supplies imported by the Corporation for use by the University, the list of any such equipment, materials or supplies which may include but not limited to building materials, pre-fab buildings, furniture, furnishings, equipment, medical supplies, vehicles, computers, books and cadavers for the University's use. Applications are to be made to cabinet with the approved list to be vetted by the Ministry of Finance and the Ministry of works. Customs Service Tax must be paid.

On March 7th, 2006, Cabinet passed an application for Duty Free Concession. This document granted AUA an exemption from Duty and Consumption Tax. (I have attached that decision as well as the January 23rd, 2004 Cabinet decision of the prior administration which I note is less restrictive than the March 7th 2006 cabinet decision.) (See attachment A)

Please note that the Agreement and Charter between Antigua and Barbuda is dated March 9th, 2007 because it was a condition of the agreement that AUA be granted a waiver on Duty and Consumption taxes. Therefore, the agreement was dated after the Cabinet decision of March 7th, 2006. The Minister of Finance took part in the later discussions.

In addition a review of ABST documents published by the government indicates that ABST does not apply to AUA. Government documents clearly state that ABST will replace Consumption Tax. (see attachment B) Since AUA is exempt from Consumption Tax it should be exempt from its replacement tax, ABST. Especially in view of the fact that the government has stated that ABST is not an additional tax. (see attachment C)

In addition, the ABST Registration Guide states under section 5 that a non taxable activity is ... "An activity to the extent that the activity involves the making of exempt supplies...."

Section 9 of the Registration Guide states "What are exempt supplies..." Exempt supplies include "Educational services including both private and state provided education..."

I also note that the ABST Importer and Exporter Guide states: "ABST and Goods imported to free zones..."

"A free zone is a designated area in which goods are treated as if they are outside the customs territory of Antigua and Barbuda and stored without payment of import duties and import ABST. Like import duty, ABST is suspended on goods placed in a free zone. When goods are removed from a free zone into consumption in Antigua and Barbuda, they are subject to payment of ABST".

2. ABST Tax on Campus

While theoretically this may be covered under point (1) the loan amount for the construction of the campus and the design and some contracts were entered into prior to the enactment of ABST.

Adding an additional 15% to cost of campus construction given the documentation we have provided to our lender could in the worst case cause cancellation of the loan and in best case cause us to reduce the size of the campus.

In my conversation with the P.M. he stated that there are a number of businesses in the same predicament and he expects the Parliament to act favorably on this issue in June.

3. Lease of Campus Land

A new lease was agreed to in March of 2007. A.G. was to prepare the new lease while in meantime advising the DCA to allow us to move forward with the process. I have just learned from Basil Stuart that as of today, DCA has agreed to allow us to move forward without the lease.

AUA continues to spend money on its campus project based on the good word of the P.M. and A.G. However, groundbreaking is planned for June 15th, 2007. Lenders and Government officials of India will be present. It will be difficult to explain the lack of lease to the above. However, if time constraints make the completion of a lease impossible by this date, I am prepared to continue to rely on the representations of the P.M. and A.G.

In closing, let me also point out that AUA presently has over 700 students and approximately 40 faculty members, all who pay ABST on goods and services subject to ABST.

Sincerely yours,

Neal S. Simon

Attachment(s)

NSS:kbk

IN THE CABINET OF ANTIGUA AND BARBUDA

Tuesday 7th March, 2006

MAR 23 2006

Application for Duty Free Concessions -
American University of Antigua Campus

ANTIGUA

59. Cabinet agreed to grant to the American University of Antigua College of Medicine (AUACM) exemption from the payment of Duty and Consumption Tax on the importation of items imported for use by the University. These items include but are not limited to project buildings, furniture, office equipment, medical equipment, medical supplies, medical education equipment and building materials. This exemption does not include personal items of faculty members and/or students. The list of items and their quantities are to be submitted to and vetted by the Ministry of Works and the Ministry of Health. The Customs Service Tax and Environmental Levy (where applicable) must be paid on the items.

60. Cabinet also agreed to grant to American University of Antigua College of Medicine (AUACM) exemption from the payment of Duty and Consumption Tax on the importation of a maximum of five (5) Motor Vehicles to be used by the medical school for medical school business. The type of vehicles to be determined on consultation with the Ministry of Works. The Customs Service Tax and Environmental Levy must be paid on the vehicles.

61. The concessions are subject to suspension or revocation should the American University of Antigua College of Medicine (AUACM) fail to use the concessions for the purposes for which they are granted and AUACM shall be liable to pay the Government the amount of any relief or exemption already received pursuant to the Cabinet decision.

62. Cabinet noted that the Agreement and Charter for the American University of Antigua College of Medicine which currently operates on Friars Hill Road is to be executed by the Government and the University during the current week.

World Health Day 2006

decision of the Cabinet of Antigua and

[Signature]
Secretary to the Cabinet (Ag.)

C.99


MINUTE

To : The Permanent Secretary, Ministry of Finance
From : Secretary to the Cabinet
Date : 23rd January, 2004
Ref. No. : C.S. 1/5

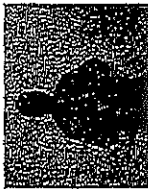
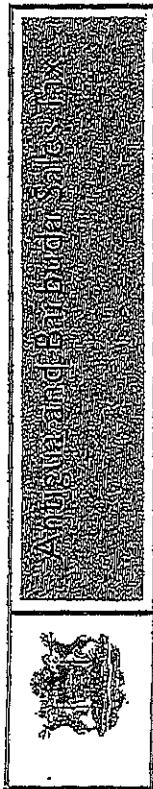
Application for Duty Free Concessions -
American University of Antigua (AUA)

Further to its decision of 26th February, 2003, regarding the establishment of the American University School of Medicine of Antigua and Barbuda, Cabinet at a meeting held on Wednesday 7th January, 2004, agreed to the recommendation that as stated in its agreement between American University of Antigua (AUA) and Government of Antigua and Barbuda, the American University of Antigua should be granted exemption from Duty, Consumption Tax and Customs Service Tax on importation of goods to be used by the Medical School, its administration, faculty and students. These items include but are not limited to personal effects, furniture, office equipment, medical equipment, medical supplies and building materials.

Cabinet also agreed that American University of Antigua (AUA) should be granted exemption from Duty, Consumption Tax and Customs Service Tax on the importation of six (6) vehicles for use of the Medical School.


Secretary to the Cabinet

cc: The Comptroller of Customs
American University of America (AUA)



*We are
exempt
from consumption tax
DID YOU KNOW?*

THAT ... Prices may be affected when the ABST is introduced on January 29, 2007?

- a. The introduction of the ABST will replace other taxes, including the consumption tax, restaurant and catering services tax and the telecommunications tax
- b. During the early stages of ABST implementation the consumer prices for some goods purchased are likely to be subject to a "one time" increase as some goods would have been imported prior to the implementation date and may have been subject to the consumption tax and the ABST
- c. The duration of the "one time" increase will depend on how fast merchants sell goods having consumption tax paid prior to January 29, 2007
- d. There will be some goods such as prescription medications and pharmaceuticals where the ABST rate will be lower than the current consumption tax rate and it is expected that the price of these goods is likely to be lower
- e. There will be goods such as cheese, eggs, rice, sugar, flour, milk, fish and meat for which the zero rate of ABST will be the same as the zero consumption tax rate and consequently the price is unlikely to be affected
- f. In addition there will be goods such as coffee, automobiles, wine and most spirits for which the rate of ABST will be higher than the consumption tax rate and consequently the price is likely to be higher

For further information please refer to the Inland Revenue Department's Web site at:

WWW.AB.GOV.AG

or contact the Inland Revenue Department at:

- 1) Nanyate Street
- 2) Email ABSTINFO@Gmail.com



Pre-ABST System Applied to an Imported Product

CIF Value	2000.00
Import Duty @ 20% of CIF	400.00
Consumption Tax @ 20% of CIF	400.00
Customs Service Tax @ 10% of CIF	200.00
Purchase Price	3000.00
Add mark-up of 35% on purchase price	1050.00
Selling Price	4050.00




**Post-ABST System Applied to an Imported Product
Sold by a Registered Taxpayer
ABST Rate—15%**

CIF Value	2000.00
Import Duty @ 20% of CIF	400.00
Customs Service Tax @ 10% of CIF	200.00
Input ABST (15% of purchase price)	390.00
Purchase Price	2600.00
Add mark-up of 35% of purchase price	910.00
Selling Price	3510.00
Output ABST (15% of 3510.00)	526.50
Price paid by consumer	4036.50

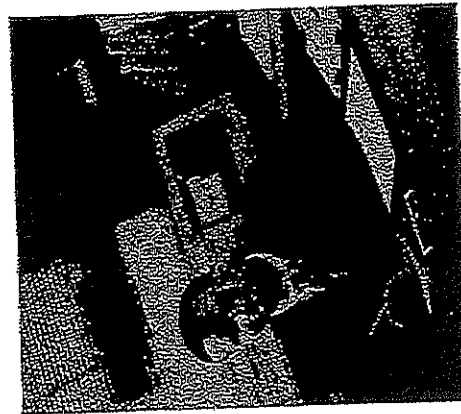
**Post-ABST System Applied to an Imported Product
Sold by a Non-Registered Taxpayer
ABST Rate—15%**

CIF Value	2000.00
Import Duty @ 20% of CIF	400.00
Customs Service Tax @ 10% of CIF	200.00
ABST (15% of purchase price)	390.00
Purchase Price	2990.00
Add mark-up of 35% of purchase price	1046.50
Selling Price	4036.50

	Ministry of Finance and the Economy
<p align="center"> ABST and the Consumer Antigua and Barbuda Sales Tax (ABST) <u>Not an Additional Tax but Part of the Reformed Tax System.</u> </p>	
<p align="right">May 2006</p>	

What is the Antigua and Barbuda Sales Tax

- A VAT-type consumption tax
- A broad-based tax on consumption
- A tax on supplies of goods and services
- A multi-stage transaction tax
- Registrants and Customs will collect the ABST on behalf of the government
- Registrants will off-set ABST paid on purchases and other costs against ABST collected on sales



Inland Revenue Department
 Newgate Street
 St. John's Antigua
 E-mail: abstinfo@gmail.com

Introduction
 The Government of Antigua and Barbuda has introduced a new consumption tax system, the Antigua and Barbuda Sales Tax (ABST), which will replace the existing Value Added Tax (VAT) system. The ABST is a broad-based tax on consumption, designed to be simpler and more efficient than the VAT system. It will be implemented from May 2006. The ABST is a multi-stage transaction tax, meaning that it is levied on the supply of goods and services at each stage of the production and distribution process. Registrants, who are businesses and individuals who supply goods and services, will be responsible for collecting the ABST from their customers and remitting it to the Inland Revenue Department. Registrants will also be able to offset the ABST they have paid on their purchases against the ABST they have collected on their sales. This will ensure that the tax is levied only once on the final product or service. The ABST is not an additional tax, but rather a reformed tax system that will replace the VAT system. The Government has introduced the ABST to simplify the tax system, reduce compliance costs for businesses, and ensure that the tax is levied on all consumption. The ABST will be levied at a rate of 12.5% on the supply of goods and services. There are some exemptions from the ABST, including supplies of certain financial services, health services, education, and certain social services. The Government will provide detailed information about the ABST through a series of publications and seminars. The Inland Revenue Department will also be providing support to registrants to ensure a smooth transition to the ABST system.

On-Island Spending by Faculty and Students

I. Monthly per student spending as in U.S. dollars as determined by University Cost of Attendance

Food		ABST eligible
Housing	750.00	750
Utilities	600.00	
Supplies (medicine, sundries, publications, clothing)	100.00	
Travel on-island and entertainment	200.00	200
	150.00	150
<i>Sub-Total</i>	\$1,800.00 US	\$1100
Approximately 10% of the students are married	<u>x 1.10</u>	
Total Average Monthly Spending per Student	\$1,980.00 US	\$1210
Annual Spending	<u>x 12</u>	
Total Annual Spending per Student	\$23,760.00 US	\$14520
Estimated 2 visitors per year, per student (hotels, trip expenses)	<u>2,000.00</u>	<u>\$2000</u>
Total Spending per year, per student	\$25,760.00 US	\$16,520
Faculty spending is estimated to be 1.40 times per student	<u>x 1.40</u>	
Total spending per year, per faculty member	\$36,064.00 US	\$23,128

These numbers do not include income generated from departure taxes, drivers licenses and duty etc., paid by students and faculty. Transfer taxes, automobile purchases, etc.

AUA presently has 603 students x \$23,760.00 spending \$14,330,000 USD per year.

and
AUA also has 38 Faculty members x \$36,064.00 spending \$1,370,000 USD per year.

With the completion of the University's \$ 35,000,000 USD campus:ar

AUA will have 1400 students x \$23,760.00 spending \$33,264,000 USD per year.

and
AUA also have 90 Faculty members x \$36,064.00 spending \$3,245,760 USD per year.